

**THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
November 19, 2014**

MINUTES

Present:

Treasurer Young Boozer, Chair
Dr. Greg Fitch
Ms. Maria Campbell (by phone)
Mr. Mark Green for Dr. David Bronner
Mr. Robert Bradley
Mr. Sandy Hammer
Ms. Sara Calhoun for Dr. Mark Heinrich
Dr. William Meehan
Mr. Mark Sullivan
Rep. Bill Poole

Absent:

Sen. Trip Pittman
Mr. Bill Newton
Mr. Jimmy Stubbs
Gen. Paul Hankins
Ms. Patti Lambert

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. Barry Bryant, Dahab Associates
Mr. Dan Sherman, Sherman Actuarial Services

Agenda Item 1.

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on November 19, 2014. The meeting was called to order by Chair Young Boozer at 1:03 p.m.

Agenda Item 2.

Roll was taken with a quorum present.

Agenda Item 3.

Chair Boozer presented the minutes of the August 20, 2014 board meeting. A motion for approval of the minutes as presented was made by Mr. Hammer, seconded by Dr. Meehan, with unanimous approval.

Agenda Item 4.A.

Chair Boozer asked Ms. Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations, plan assets, and the budget for fiscal year 2015. She stated that there are currently 29,235 active accounts, 18,378 eligible beneficiaries and \$876,137,144 in benefits have been paid to date. She said that most of the fall invoices have been paid. She stated that the first Education Trust Fund transfer had been received on 11/03/2014 in the amount of \$11,779,000.00.

Agenda Item 4.B.

Chair Boozer asked Mr. Barry Bryant to provide the quarterly investment report. Mr. Bryant stated that according to the Board's investment policy statement, the entire portfolio is now invested in short term fixed income funds. He provided a summary of portfolio and investment manager performance.

Agenda Item 4.C.

Chair Boozer asked Mr. Daniel Sherman to provide information on the quarterly actuarial report. Mr. Sherman stated that the funded ratio is now 113% which is a 3% increase from September 2013. He stated that the trust has a surplus \$78.5 million which represents an increase of \$11.2 million from September 30, 2013. He indicated that the assets performed better than expected during the 2014 fiscal year, returning 2.22% versus the assumption of 1.3%. Mr. Sherman stated that during the last year, the plan experienced a \$10.4 million actuarial gain due to the better performance of the assets as well as lower than expected expenses and a lower amount of credit hours used by beneficiaries. He said that program assets as of September 30, 2014 were approximately \$175.8 million. Mr. Sherman provided information on the number of active, cancelled, depleted, expired and graduated accounts. He provided a summary of the projected cash flow and indicated that FY19 is showing in the positive by \$2.1 million due to better than expected investment returns and beneficiaries using less than the expected 128 hours.

Agenda Item 5.A

Chair Boozer called on Ms. Anita Kelley to present information regarding a petition from an account owner requesting an exception to a PACT rule. Ms. Kelley provided a brief summary of the petition and stated the request had been presented to Treasury legal counsel for review in accordance with program bylaws. She stated that the request was for reinstatement of a contract that had been cancelled due to nonpayment. The purchaser had a remaining balance of \$1011.00 which included all fees owed. The purchaser alleged that she suffered financial hardship and difficulty during the time the contract went into default and was unable to make the monthly payments. After considering the facts presented by the petitioner, the application of the PACT Rules and the MasterPACT Contract provisions to those facts, a motion to approve the request was made by Mr. Bradley, seconded by Mr. Sullivan, with unanimous approval.

Agenda Item 6.A.

Chair Boozer reviewed the 2015 Board meeting dates.

There being no further business to be discussed, a motion for adjournment was made by Dr. Meehan, seconded by Mr. Bradley, with unanimous approval. The meeting adjourned at 1:30 p.m.

Anita Kelley, Recording Secretary

Young Boozer, Chair